



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 18, 2001

CERTIFIED RETURN RECEIPT

7099 3400 0016 8896 4301

Mr. Jon Showalter
Cotter Corporation
28151 DD Road
P. O. Box 700
Nucla, Colorado 81424

Re: Tentative Approval to Amend Permit for Large Mining Operations, Cotter Corporation, Papoose Mine, M/037/084, San Juan County, Utah

Dear Mr. Showalter:

The Division has completed a review of your latest responses, received November 26, 2001, and December 17, 2001, to our October 25, 2001, deficiency review letter. After reviewing this latest information, the Division is now prepared to grant tentative approval of the amendment to increase the size of the Papoose Mine disturbed area from 20.00 to 47.00 acres. We have decided to classify this as an amendment because we do not feel it meets criterion 3 or 4 of the criteria for defining amendments and revisions. For this reason, it is not necessary to give public notice or to have a public comment period.

Prior to issuing final approval, the Division must have a revised surety in the amount of \$94,700 (please see enclosed reclamation surety estimate). The existing surety in the amount of \$54,000 is made out to the State of Utah and is held by the School and Institutional Trust Lands Administration (SITLA). We will require that the \$97,700 surety be issued on a Division of Oil, Gas and Mining form and include SITLA as joint beneficiary. Assuming you will have your existing surety company update the existing surety bond, we have enclosed a Joint Agency Surety Form, (MR-6) for this purpose. **Please provide the updated surety within the next 30 days.** If you provide a different form of surety, or a new surety company, then SITLA has agreed that they will release the existing \$54,000 surety as soon as the new replacement surety is in place. If you choose to post a different form of surety, please contact Joelle Burns at (801)

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M/37/084
December 18, 2001

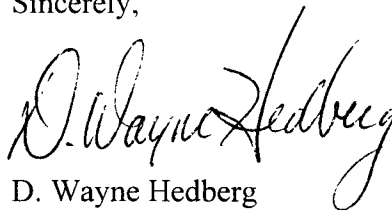
538-5291 to obtain the appropriate form, or you may download the surety bond forms from the internet by going to www.nr.ut.gov.

We will also require that you complete a new Reclamation Contract (form MR-RC enclosed), which requires a detailed legal description of the disturbed area be provided, along with a map. The Reclamation Contract is attached directly to the reclamation surety for this project.

Please provide us with a "draft" copy of the completed Reclamation Contract and surety form before they are finalized so we can review them for completeness and accuracy.

Thank you for your cooperation and patience in completing the permitting process.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly distinguishable.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: forms MR-RC & MR-6
cc: John Blake, SITLA (ML-45609)
M37-84-tentapp(2).doc